OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

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USTR PUBLISHES PRELIMINARY LIST OF PRODUCTS IN PREPARATION TO EXERCISE WTO RIGHTS ON BEEF TRADE ISSUE

The Office of the United States Trade Representative today announced preliminary actions in response to on-going uncertainty about whether the European Union (EU) will comply with WTO rulings which call for it to end its ban on imports of U.S. beef from animals treated with any of six scientifically-proven safe hormones. The Office of the U.S. Trade Representative outlined a preliminary list of products which would be subject to prohibitive tariffs if the EU does not comply by the WTO-mandated deadline of May 13, 1999.

Under WTO rules, the United States is supposed to seek authorization to suspend concessions within 30 days after May 13, 1999. U.S. law requires adequate notice and comment of such action. The final list of products that could be affected by possible suspension of concessions will be drawn from the preliminary list.

"The EU's ten-year, arbitrary, and scientifically unjustified ban on U.S. beef has had a substantial negative impact on U.S. beef producers," said United States Trade Representative Charlene Barshefsky. "Our hope is that we can reach a mutually acceptable solution with the EU that provides access for U.S. beef producers in Europe consistent with WTO rules. At the same time, we must also begin preparations to protect our rights if the EU does not comply with its obligations. The publication of this preliminary list is fully consistent with WTO rules, and reflects the transparency of the U.S. process. We will continue to abide by the WTO schedule as we prepare to exercise our WTO rights."

"We would like to resolve this issue with the EU," Secretary of Agriculture Dan Glickman noted, "and we have offered a proposal to do just that. But if a reasonable solution cannot be agreed to, we are prepared to protect our rights."

Background

The safety of consuming beef from cattle treated with certain hormones has been thoroughly researched since the 1950s. On all occasions of FDA testing, the six hormones subject to this trade dispute have always been found to be safe. The clear international scientific consensus is that these approved and licensed products are safe when used in accordance with good veterinary practices. Even the EU's own scientists have agreed with these findings. At present, U.S. beef is shipped to 138 countries.

The origin of this trade dispute is nearly two decades old and began in 1980 with the EU's debate on the use of natural and synthetic hormones in livestock. In December 1985, the EU adopted a directive on livestock production restricting the use of natural hormones to therapeutic purposes, banning the use of synthetic hormones, and prohibiting imports of animals, and meat from animals, to which hormones had been administered. That directive was later declared invalid by the European Court of Justice on procedural grounds and had to be re-adopted by the Council, unchanged, in 1988 ("the Hormone Directive"). These measures became effective January 1, 1989, notwithstanding U.S. attempts to resolve this issue bilaterally and multilaterally, including through dispute settlement under the General Agreement on Tariffs and Trade (GATT). On December 24, 1987, the President of the United States announced an increase in duties on selected European products in response to the Hormone Directive and related measures, but immediately suspended this action to promote a negotiated solution of the issue. The USTR enacted the increase in duties in January 1989 when the EU began implementing the hormone ban against imports from the United States. The USTR subsequently modified the application of increased duties on a number of occasions. During the early 1990s, the United States continued to encourage resolution of this dispute and worked in the FAO/WHO Codex Alimentarius to develop principles that reenforce the pre-eminent role of science in establishing high food safety standards.

Following entry into force of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures ("SPS Agreement") on January 1, 1995, the United States and, later, Canada, proceeded with formal WTO dispute settlement procedures against the hormone ban. On May 20, 1996, the DSB established a dispute settlement panel ("the WTO panel") to examine the consistency of the EU's hormone ban with the its WTO obligations. (Prior to the establishment of the WTO panel, the EU replaced the Hormone Directive with another directive that re-codified and expanded the hormone ban.)

On August 18, 1997, the WTO panel issued its report finding that the hormone ban is not based on scientific evidence, a risk assessment, or relevant international standards in contravention of the EU's obligations under the SPS Agreement. The Appellate Body issued its report on January 16, 1998 affirming that the hormone ban is not consistent with the EU's obligations under the SPS Agreement. At its February 13, 1998 meeting, the DSB adopted the Panel and Appellate Body reports on hormones. The EU subsequently requested four years to implement the DSB recommendations and rulings, two years to conduct additional risk assessments and two years to revise its measures to reflect the results of those risk assessments. The WTO Arbitrator appointed to determine the reasonable period of time observed that the compliance period should not be used to "demonstrate the *consistency* of a measure already judged to be *inconsistent*," in response to the EU's arguments that it would need a substantial period of time to conduct additional risk assessments. The Arbitrator determined that the reasonable period of time for implementation was fifteen months and would expire on May 13, 1999.

To date, the EU has taken no action to implement the DSB recommendations and rulings. The EU has made no modifications to the hormone ban, but rather initiated seventeen new risk assessments. In its status report for the March meeting of the WTO Dispute Settlement Body, the EU indicated that it does not expect to be in compliance by the May 13, 1999 WTO-mandated deadline.

On March 3-4, 1999, U.S. and EU officials held discussions in Washington to explore options to resolve this dispute. The United States presented a proposal for labeling U.S. beef as a way to address European consumers' concerns. However, the EU indicated that a resolution of this matter would be conditional on the completion of the additional risk assessments, which may not be completed until sometime in late 1999 or 2000, and other bureaucratic hurdles in the EU. Resolution of this issue depends on overcoming uncertain and lengthy procedural hurdles, and addressing the substantive requirements of the WTO hormones decisions.

PRODUCT LIST

Increased duties of 100 percent *ad valorem* may be applied to articles that are classified in the headings and the subheadings of the Harmonized Tariff Schedule of the United States (HTS) listed below and that are products of the member States of the European Union. In the instances where a 4-digit HTS heading appears in the left column of this list, products classified in any of the 8-digit subheadings appearing in the HTS under those 4-digit headings may be subject to increased duties. The product descriptions in this press release are for information purposes only; they are not intended to delimit in any way the scope of the products that would be subject to increased duties.

increased dut	ies.
HTS	Description
0201	MEAT OF BOVINE ANIMALS, FRESH OR CHILLED
0202	MEAT OF BOVINE ANIMALS, FROZEN
0203	MEAT OF SWINE (PORK), FRESH, CHILLED OR FROZEN
0206	EDIBLE OFFAL OF BOVINE ANIMALS, SWINE, SHEEP, GOATS, HORSES ETC., FRESH, CHILLED OR FROZEN
0207	MEAT AND EDIBLE OFFAL OF POULTRY (CHICKENS, DUCKS, GEESE, TURKEYS AND GUINEAS), FRESH, CHILLED OR FROZEN
02101100	Hams, shoulders and cuts thereof with bone in, salted, in brine, dried or smoked
02101200	Bellies (streaky) and cuts thereof of swine, salted, in brine, dried or smoked
02102000	Meat of bovine animals, salted, in brine, dried or smoked
02109020	Meat and edible offal of chickens, ducks, geese, turkeys and guineas, salted, in brine, dried or smoked; flour and meal of these animals
02109040	Meat and edible offal nesoi, salted, in brine, dried or smoked; flour and meal, nesoi
04064020	Roquefort cheese in original loaves, not grated or powdered, not processed
04064040	Roquefort cheese, other than in original loaves, not grated or powdered, not processed
05040000	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof
06039000	Cut flowers and flower buds, suitable for bouquets or ornamental purposes, dried, dyed, bleached, impregnated or otherwise prepared
06049100	Foliage, branches and other parts of plants without flowers or flower buds, and grasses, suitable for bouquets or ornamental purposes, fresh
06049930	Foliage, branches, parts of plants without flowers or buds, and grasses, suitable for bouquets or ornamental purposes, dried or bleached
07020020	Tomatoes, fresh or chilled, entered during Mar.1 to July 14, or the period Sept.1 to Nov.14 in any year
07020040	Tomatoes, fresh or chilled, entered during July 15 to Aug.31 in any year
07020060	Tomatoes, fresh or chilled, entered from Nov. 15 thru the last day of Feb. of the following year
07031040	Onions, other than onion sets or pearl onions not over 16 mm in diameter, and shallots, fresh or chilled
07095200	Truffles, fresh or chilled
07129010	Dried carrots, whole, cut, sliced, broken or in powder, but not further prepared
07129074	Dried tomatoes, in powder
07129075	Dried tomatoes, whole, cut, sliced, broken or in powder, but not further prepared

HTS	Description
07129078	Dried tomatoes, whole, cut, sliced or broken but not further prepared
08024000	Chestnuts, fresh or dried, shelled or in shell
09042020	Paprika, dried or crushed or ground
10040000	Oats
11041200	Rolled or flaked grains of oats
11042200	Grains of oats, hulled, pearled, clipped, sliced, kibbled or otherwise worked, but not rolled or flaked
15059000	Fatty substances derived from wool grease (including lanolin)
1601	SAUSAGES AND SIMILAR PRODUCTS, OF MEAT, MEAT OFFAL OR BLOOD; FOOD PREPARATIONS BASED ON THESE PRODUCTS
16021000	Homogenized preparations of meat, meat offal or blood, nesoi
16022020	Prepared or preserved liver of goose
16022040	Prepared or preserved liver of any animal other than of goose
16023100	Prepared or preserved meat or meat offal of turkeys, nesoi
16023200	Prepared or preserved meat or meat offal of chickens, nesoi
16023900	Prepared or preserved meat or meat offal of ducks, geese or guineas, nesoi
16024110	Prepared or preserved pork ham and cuts thereof, containing cereals or vegetables
16024120	Pork hams and cuts thereof, not containing cereals or vegetables, boned and cooked and packed in airtight containers
16024190	Prepared or preserved pork hams and cuts thereof, not containing cereals or vegetables, nesi
16024220	Pork shoulders and cuts thereof, boned and cooked and packed in airtight containers
16024240	Prepared or preserved pork shoulders and cuts thereof, other than boned and cooked and packed in airtight containers
16024910	Prepared or preserved pork offal, including mixtures
16024920	Pork other than ham and shoulder and cuts thereof, not containing cereals or vegetables, boned and cooked and packed in airtight containers
16024940	Prepared or preserved pork, not containing cereals or vegetables, nesoi
16024960	Prepared or preserved pork mixed with beef
16024990	Prepared or preserved pork, nesoi
16025005	Prepared or preserved offal of bovine animals
16025009	Prepared or preserved meat of bovine animals, cured or pickled, not containing cereals or vegetables
16025010	Corned beef in airtight containers
16025020	Prepared or preserved beef in airtight containers, other than corned beef, not containing cereals or vegetables
16025060	Prepared or preserved meat of bovine animals, not containing cereals or vegetables, nesoi
16025090	Prepared or preserved meat of bovine animals, containing cereals or vegetables
17041000	Chewing gum, not containing cocoa, whether or not sugar-coated

HTS	Description
17049025	Sugar confectionary cough drops, not containing cocoa
18063100	Chocolate and other cocoa preparations, in blocks, slabs or bars, filled, not in bulk
19054000	Rusks, toasted bread and similar toasted products
20021000	Tomatoes, whole or in pieces, prepared or preserved otherwise than by vinegar or acetic acid
20029000	Tomatoes, other than whole or in pieces, prepared or preserved otherwise than by vinegar or acetic acid
20029040	Tomatoes, in powder, prepared or preserved otherwise than by vinegar or acetic acid
20029080	Tomatoes (including paste and puree) prepared or preserved otherwise than by vinegar or acetic acid, nesoi
20079905	Lingonberry and raspberry jams
20083042	Satsumas, prepared or preserved, in airtight containers, aggregate quantity n/o 40,000 metric tons/calandar yr
20083046	Satsumas, prepared or preserved, in airtight containers, aggregate quantity o/40,000 metric tons/calandar yr
20084000	Pears, otherwise prepared or preserved, nesoi
20087000	Peaches (excluding nectarines), otherwise prepared or preserved, nesoi
20096000	Grape juice (including grape must), concentrated or not concentrated
20098060	Juice of any other single fruit, nesoi, (including cherries and berries), concentrated or not concentrated
20099040	Mixtures of fruit juices, or mixtures of vegetable and fruit juices, concentrated or not concentrated
21013000	Roasted chicory and other roasted coffee substitutes and extracts, essences and concentrates thereof
21033040	Prepared mustard
21041000	Soups and broths and preparations therefor
22011000	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored
23099010	Mixed feed or mixed feed ingredients used in animal feeding
35061050	Products suitable for use as glues or adhesives, nesoi, not exceeding 1 kg, put up for retail sale
55041000	Artificial staple fibers, not carded, combed or otherwise processed for spinning, of viscose rayon
55101100	Yarn (other than sewing thread) containing 85% or more by weight of artificial staple fibers, singles, not put up for retail sale
85102000	Hair clippers, with self-contained electric motor
87112000	Motorcycles (incl. mopeds) and cycles, fitted w/recip. internal-combustion piston engine w/capacity o/50 but n/o 250 cc
87113000	Motorcycles (incl. mopeds) and cycles, fitted w/recip. internal-combustion piston engine w/capacity o/250 but n/o 500 cc